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## FISCAL IMPACT REPORT

SPONSOR: Taylor, J.G. DATE TYPED: 02/25/03 HB HJM88

SHORT TITLE: Study Certain Sales on Indian Reservations SB \_\_\_\_\_

ANALYST: Hayes

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 602

### SOURCES OF INFORMATION

#### Responses Received From

Taxation and Revenue Department (TRD)  
Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 88 directs the secretary of the Taxation and Revenue Department to study and report to the appropriate legislative interim committee on the impact to the state, local governments and the business community regarding the sale of tangible personal property to non-tribal members on land of a tribe with which the secretary has not entered into a cooperative agreement to collect gross receipts tax.

#### Significant Issues

1. Currently, Section 9-11-12.1 authorizes the secretary of the Taxation and Revenue Department to enter into cooperative agreements with the Pueblos of Isleta, Laguna, Nambe, Sandia, Santa Ana and Santa Clara for the exchange of information and the reciprocal, joint or common enforcement, administration, collection, remittance and audit of gross receipts tax revenues of those jurisdictions. Section 9-11-12.2 authorizes a similar agreement with the Navajo Nation.

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2. Sections 7-9-88, 7-9-88.1 and 7-9-88.2 NMSA 1978 authorize a credit against the state's gross receipts tax for similar taxes imposed by a tribe or pueblo in the event that the secretary has entered into a cooperative agreement. At the present time, the secretary has entered into cooperative agreements with each of the named pueblos except Isleta; therefore, the credit provisions are in effect.

### **FISCAL IMPLICATIONS**

The LFC did not receive specific information regarding the amount of gross receipts tax revenue remitted to the State of New Mexico as a result of the agreements in place. It is assumed that part of the "study and report" requested by this legislation will include such information; it will assess the actual amount received and distributed as a result of agreements and then, in turn, analyze the overall revenue impact to the state, local governments and the business community for those tribes with whom the secretary has not entered into agreements.

### **ADMINISTRATIVE IMPLICATIONS**

According to TRD, administrative implementation of the agreements appears to be working well. The department and the pueblos have been able to meet the criteria needed for implementation. TRD is not aware of any significant problems associated with implementation of the cooperative agreements.

### **RELATIONSHIP**

SB 602 focuses on intergovernmental gross receipts agreements.

**CMH/njw**